11 Ethnic diversity at work: an overview of theories and research

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Ethnic diversity in the workforce is a subject of growing interest for western organizations. In EU countries, continuous immigration flows of post-war guest workers and their family members, ex-colonial immigrants, political refugees, and highly educated workers have led to an increase of people with a foreign nationality (Organisation for Economic Co-operation and Development [OECD], 2003). However, foreign population percentages vary significantly between EU countries. For instance, Luxemburg (39.9%), Austria (10.3%), Germany (9.5%), and Belgium (9.1%) have relatively high rates, whereas the lowest rates, of about 2%, are found in Greece, Finland, Portugal, Spain, and Italy. Other EU countries fall somewhere in between these two extremes, such as the Netherlands, Denmark, Sweden, the UK, and France, with percentages ranging from 4.3 to 6% (OECD, 2003). In the future, ethnic diversity in many EU countries is likely to increase even further as demographic figures indicate that net-migration flows (immigration minus emigration) are larger than the natural growth of national populations (Ekamper and Wetters, 2005; OECD, 2003).

The increase in ethnic diversity, along with accompanying demographic developments, have had a significant impact on the composition of the workforce. About fifty years ago, the demographic features of most work organizations were fairly homogeneous (Williams and O'Reilly, 1998). Many employees shared a similar ethnic background, were male, and worked for the same employer throughout their working lives. Nowadays, managers are confronted with teams and departments that are more diverse in terms of gender, age, ethnicity, organizational tenure, functional background, educational background, and so on. Therefore, a growing number of companies (e.g. IBM, Siemens, Shell) have formulated diversity policies that are aimed at managing a diverse labor force. The reason for formulating diversity policies is often twofold: (1) it is considered to be a moral duty to have a labor force which mirrors the

demographic representation of a given society; and (2) having a labor force that is diverse in terms of demographics and personal characteristics may stimulate creativity which can give companies a competitive advantage. For example, in a policy paper on diversity published on the internet, Shell states, "We believe that by attracting and developing the best people of all backgrounds and experience we uphold our value of 'respect for people' and improve our ability to form relationships and compete in diverse cultures and markets" (Shell, 2006).

To date, almost no literature reviews are specifically aimed at describing the consequences of ethnic diversity in the workplace (for an exception, see Williams and O'Reilly, 1998). The aim of this chapter is to give an extensive overview of theory and research on the implications of the increasing ethnic diversity within organizations. First, the differences between the various definitions of ethnic diversity are briefly introduced. After this, several theories and models that may explain the consequences of ethnic diversity on work outcomes are discussed. Next, an overview of studies is presented, which focuses on the relationship between ethnic diversity on the one hand, and different work outcomes on the other, such as performance outcomes, behavioral outcomes, and affective outcomes. Finally, the chapter will conclude with a discussion of the challenges and opportunities for further research and practice that are at hand in this relatively young and promising area within occupational (health) psychology.

Definitions of ethnic diversity

Before addressing the consequences of ethnic diversity in the workforce, it is important to define it conceptually, since this can affect the manner in which the phenomenon itself is examined. Most studies still define "ethnicity" as a demographic characteristic that is on a personal level. However, from the 1980s onwards, authors of popular management literature as well as organizational researchers (e.g. Cox, 1993; Jackson, May, and Whitney, 1995; Jehn, Northcraft, and Neale, 1999) began to define certain demographic characteristics, such as ethnicity, as relational demographic characteristics (e.g. Jackson *et al.*, 1995; Tsui, Egan, and O'Reilly, 1992; Williams and O'Reilly, 1998). In short, relational demography involves comparing the demographic characteristics of an individual (e.g. ethnicity, age, or gender) to the demographic characteristics of a social group. For example, in terms of ethnicity, individuals may be very similar or dissimilar compared to the team in which they work. Following this rationale, Jackson *et al.* (1995: 217) define diversity as "the presence of differences among members of a social unit." Jackson *et al.* further

refine the concept of diversity into surface-level and deep-level diversity. Surface-level diversity basically refers to characteristics of people that are readily observable, such as ethnicity, age, and gender. Deep-level diversity refers to characteristics that are more difficult to observe, such as one's personality, attitudes, skills, and competencies.

Other researchers claim that diversity is about the effective management of both demographic variation (e.g. age, gender, ethnicity) and personal variation (e.g. personal values, skills, and abilities) in the workforce (e.g. Rijsman, 1997). In this view, it is expected that diversity, when managed effectively, will entail economic benefits for organizations. In particular, diversity is expected to generate more creativity, multiple perspectives, and a broader access to informational networks that increase the quality of decision-making.

Still other diversity researchers argue that diversity is about the inclusion of socially disadvantaged groups in the workforce (e.g. Grossman, 2000; Linnehan and Konrad, 1999). Accordingly, ethnic minorities, together with other groups such as females, disabled people, gay men, and lesbians, are thought of as socially disadvantaged groups that actively need to be included and provided with equal opportunities in the workforce. Defined this way, "diversity" is closely related to the concept of affirmative action (e.g. Heilman, 1994). In sum, there is no uniform and generally accepted definition of ethnic diversity. Instead, different perspectives exist and some of the most used definitions are summarized in Table 11.1.

In this chapter, we distinguish between two major branches of definitions. First, we acknowledge that ethnic diversity can be a subtype of "surface-level diversity" or "social category diversity" as described in Table 11.1. Indeed, ethnicity is a readily detectable attribute (Jackson *et al.*, 1995) which can be used to make distinctions between people based on the different ethnic groups to which they belong (Jehn *et al.*, 1999). Second, we acknowledge that ethnic diversity can also be looked upon as cultural differences between members of ethnically diverse groups, which encompass differences in language, religion, values, norms, and beliefs. Etymologically speaking, ethnicity is derived from the Greek word "ethnos," which refers to a group of people or a nation. In its contemporary form, ethnicity still retains this basic meaning as it refers to a coherent group of people who are, at least latently, aware of having common origins, roots, and interests. Ethnicity can thus be used to define a self-conscious group of closely related people who, to some extent, share their customs, beliefs, values, institutions, language, religion, history, and land of origin, or to put it briefly, a group which has the same culture or roots (e.g. Cashmore, 1996; Smith, 1991). In this view, ethnic diversity thus also relates to cultural differences.

Table 11.1 *Definitions of diversity*

Diversity type	Definition
Readily detectable / Surface level diversity	"[differences in] readily detectable attributes [that] can be quickly and consensually determined with only brief exposure to a target person (e.g. sex, age, ethnicity, team tenure)." (Jackson *et al.*, 1995: 217)
Social category diversity	"explicit differences among group members in social category membership, such as race, gender and ethnicity." (Jehn *et al.*, 1999: 745)
Underlying / Deep-level diversity	"[differences in] underlying attributes that are more subject to construal and mutability (e.g. knowledge, skills, abilities, attitudes and values)." (Jackson *et al.*, 1995: 217)
Informational diversity	"differences in knowledge bases and perspectives that members bring to the group. Such differences are likely to arise as a function of differences among group members in education, experience and expertise." (Jehn *et al.*, 1999: 743)
Value diversity	"occurs when members of a workgroup differ in terms of what they think the group's real task, goal, target, or mission should be." (Jehn *et al.*, 1999: 745)

Theoretical approaches to ethnic diversity at work

Based on the two perspectives mentioned, we distinguish between two theoretical approaches that can be used to predict consequences of ethnic diversity in the workforce. First, the *social-psychological approach* refers to theories that are connected to ethnic diversity as a subtype of surface-level or social category diversity. This approach is concerned with the influence of a group's demographic composition on the behaviors and attitudes of its members. The second approach, the *cultural approach*, relates to ethnic diversity as cultural differences between group members and, above all, on how cultural differences can influence the interaction between members of different ethnic groups.

The social-psychological approach

Social identity theory (Tajfel, Billig, Bundy, and Flament, 1971) posits that people derive self-esteem and a sense of belonging from identifying themselves with social groups and from favorably comparing the group to which they belong with other groups. Tajfel and colleagues demonstrated in a series of laboratory studies that people are eager to identify

themselves with a social group (called ingroup), even when group membership is based on trivial criteria such as the letter A or B. When people identify with a certain ingroup (e.g. group A), they tend to favor this ingroup over other (out)groups to which they do not belong (e.g. group B). These initial findings of Tajfel and his colleagues are confirmed in many other studies (for a meta-analysis on this topic, see Mullen, Brown, and Smith, 1992). According to this view, ethnicity is a surface-level characteristic (Jackson *et al.*, 1995) and as such it can be quickly used to divide a group of people into ethnic subgroups. Furthermore, people may frequently identify with their ethnic background because it provides them with a sense of belonging; it connects individuals to a group of closely related people who share a common culture (Cashmore, 1996; Smith, 1991). When people identify with an ethnic ingroup (e.g. Dutch, Turkish, Moroccan, Swedish, Kurdish, English) – and they usually do – social identity theory predicts that people will favor their own ethnic ingroup over other ethnic outgroups.

Social categorization theory (Turner, Hogg, and Oakes, 1987) further builds on the assumptions made in social identity theory by suggesting that the degree to which individuals identify with a social group depends on the specific context (Oakes, 1987; Turner, 1985). In this theory, "personal identity" is distinguished from "social identity." Personal identity emphasizes that an individual's identity should be distinguished from other members of the ingroup (Turner, 1982). Social identity, on the other hand, concerns what is shared with an ingroup, but not with members of an outgroup (Haslam, Powell, and Turner, 2000). In other words, there may be differences (e.g. in attitudes, beliefs, opinions) between members of the same social group. Social categorization theory emphasizes that individuals only identify with their ingroup when differences between members of the ingroup are smaller than the differences between the ingroup and other outgroups. Importantly, identification with a social group leads to behavior that is different from behavior originating from one's personal identity, as it is oriented toward the interests of the group as a whole instead of one's personal interests.

One situation in which individuals identify with their ingroup is when status differences between individuals of the ingroup are smaller than the status differences between the ingroup and the outgroups. Indicators of status differences are, for instance, power, socio-economic position, judicial status, numerical majority, and dominant culture. It is often the case that immigrant groups have a lower status (e.g. numerical minority, minority culture, lower functional levels, more unemployment) compared to the national group of a country. According to social categorization theory, status differences between ethnic groups will lead to a

stronger identification of individuals with their ethnic ingroup and behavior that is in the interest of the ethnic ingroup. For example, both Kanter (1977) and Tajfel (1978) predict that high-status groups may exaggerate the differences between themselves and low-status groups, which leads to polarization. Also, under such circumstances, low-status group members are expected to adapt to the values and norms of the high-status group. However, for immigrant groups, it may not be easy to adapt to the values and norms of the majority, as individuals often feel closely connected to their ethnic ingroup and its culture (Cashmore, 1996; Taylor and Moghaddam, 1994).

Another theoretical paradigm which may explain consequences of ethnic diversity is the similarity-attraction paradigm of Byrne (1971). This paradigm states that a great variety of physical, social, or other attributes can be used as a basis for expecting similarity in attitudes, beliefs, or personality. It has been found that "The consequences of high interpersonal attraction may include frequent communication, high social integration and a desire to maintain group affiliation" (Tsui *et al.*, 1992: 551). According to this view, people may expect others with similar physical features to hold similar attitudes and beliefs. As such, ethnically similar people may be more attracted to each other than ethnically dissimilar people.

In conclusion, both social identity theory and social categorization theory as well as the similarity-attraction paradigm predict that ethnic diversity holds negative consequences for organizations. According to these three theories, ethnic diversity in work teams may lead to psychological processes such as ingroup liking, ingroup attraction, and ingroup favoritism. In turn, these psychological processes may affect the behavior of individuals in such a way that they will favor employees belonging to their own ethnic ingroup over employees belonging to ethnic outgroups. In ethnically diverse work units, this may lead to a number of negative outcomes such as less cooperation, less communication, more conflicts, and less cohesiveness. Additionally, differences in ethnic background between the individual and the team may not only affect team functioning, but also have negative personal outcomes. When an employee differs in ethnicity from the rest of a work unit, he or she may experience less organizational commitment, more turnover intention, and less job satisfaction than employees working in ethnically similar teams.

A perspective that predicts positive outcomes of diversity is known as the information and decision-making theory (Wittenbaum and Stasser, 1996). The quality of decision-making depends on the unique and useful information a person has, as well as on the openness of the group to

discuss these new insights. Unfortunately, individuals are more likely to base their decisions on shared information, that is, information that is collectively held by other group members (Stasser, 1992). In this way, unique information is withheld, which lessens the probability of group members engaging in innovative debates that create unique and high-quality ideas or solutions. Decision-making theorists argue that diversity can have positive effects on group performance, because diversity increases variation in terms of information, abilities, and skills.

Most organizational psychologists (Jackson, Joshi, and Erhardt, 2003; Jehn *et al.*, 1999) argue that diversity in task-related characteristics, in particular, leads to better team performance. Task-related characteristics refer to those characteristics of individuals that are necessary for performing a certain task, such as particular skills, abilities, experience, and competencies. Whether or not information and decision-making processes are of higher quality when work units are ethnically diverse may thus depend on the task a team has to perform. For example, an ethnically diverse team of teachers may be better qualified to teach ethnically diverse students than an ethnically homogeneous team of teachers. In this instance, it is expected that ethnic diversity in a team of teachers would increase the information, knowledge, skills, and abilities that are available for increasing performance. In other cases, ethnic diversity may not be such a relevant characteristic for performance outcomes (for instance in production units on an operational level).

The cultural approach

A second approach to understanding the relationship between ethnic diversity and work outcomes focuses on cultural differences. The concept of "culture" has been defined in many different ways. To give some examples, Larkey (1996) emphasizes that a culture includes a particular communication style, specific rules, dress codes, a shared meaning, and a particular language. Cox (1993) states that cultural groups share certain norms, values, and goal priorities, and have a similar sociocultural heritage. According to this view, it is not controversial to assume that people with the same ethnic background share, at least to some extent, a common culture (Cashmore, 1996; Smith 1991). Up till now, there are no scientific theories that elaborate on issues such as the impact of cultural diversity on work outcomes. Nevertheless, we will introduce and discuss some processes and heuristic models that are useful for understanding the effects of ethnic diversity on work outcomes.

First, ethnically diverse groups may encounter communication problems. It is obvious that differences in language use, intonations,

communication styles, and non-verbal aspects across cultures can complicate intercultural contact between ethnically diverse employees (Maznevski, 1994). Second, ethnically diverse groups differ systematically regarding the cultural values they adhere to. Hofstede (1980, 1991) distinguishes between four cultural value domains: masculinity–femininity, individualism–collectivism, power distance, and uncertainty avoidance. The individualism–collectivism dimension, in particular, is known to relate to the attitudes and behavior that are likely to influence work outcomes. This dimension refers to whether one's identity is defined by personal choices and achievements or by the character of the collective group(s) to which one belongs. In general, people from collectivistic (mostly non-western) cultures are more willing to sacrifice personal needs and to help their social group than people from individualistic (mostly western) countries. Thus, compared to people from individualistic cultures, people from collectivistic cultures may be more cooperative and more willing to perform duties in order to achieve group goals (Smith and Bond, 1998). Other cultural value domains are: (1) power distance, the amount of respect and deference between those in superior and subordinate positions; (2) uncertainty avoidance, a focus on planning and the creation of stability as a way of dealing with life's uncertainties; and (3) masculinity–femininity, the relative emphasis on achievement or on interpersonal harmony – a distinction that characterizes gender differences in values across many national cultures.

Third, differences between the organizational culture and the cultural background of employees may complicate adaptation to the organizational culture. Hofstede (1989: 391) refers to organizational culture as "collective habits, expressed in such visible things like dress, language and jargon, status symbols, promotion criteria, tea and coffee rituals, meeting rituals, communications styles, and a lot more." Although organizational cultures differ across companies, it is conceivable that many organizational cultures have some overlap with the national culture of a particular society. Thus, immigrant employees who are raised in a culture that is distinctly different from an organizational culture may have more problems adapting to the organizational culture than native employees who share a cultural background that is more similar to the organizational culture.

Finally, immigrant employees may differ from each other when comparing acculturation attitudes. The first definition of acculturation was offered by Redfield, Linton, and Herskovits (1936: 149): "Acculturation comprehends those phenomena, which result when groups of individuals having different cultures come into continuous first-hand contact, with subsequent changes in the original cultural patterns of either or

both groups." Nowadays, Berry's two-dimensional acculturation model (Berry, Kim, Power, Young, and Bujaki, 1989; Berry, 1997) is the most frequently used model to conceptualize acculturation (Van de Vijver and Phalet, 2004). According to this model, immigrants may engage in any of four acculturation strategies that are based on two dimensions: culture adaptation and culture maintenance. Culture adaptation refers to the extent to which immigrants wish to establish good relations with members of the host society. Culture maintenance refers to the importance of maintaining relations with one's native culture. The combination of these two dimensions in a fourfold table yields the following four acculturation strategies. Assimilation refers to a complete adaptation of immigrants to the dominant culture in a society of settlement without retaining one's own native culture. Integration refers to adaptation to the dominant culture as well as maintaining one's own native culture. Separation is a term used for immigrants who maintain their own native culture without adapting to the dominant culture. Finally, marginalization is what occurs when immigrants do not maintain or adapt to any culture. The acculturation model of Berry and his colleagues may provide a fruitful avenue for examining whether or not differences in acculturation attitudes affect important work outcomes. For instance, Bourhis, Moise, Perreault, and Senécal (1997) posited that differences in acculturation attitudes between ethnic majority (high-status) and ethnic minority (low-status) groups would lead to problematic or even conflictual intergroup relations. Thus, within organizations, differences in acculturation attitudes could lead to problematic or even conflictual relations between ethnically dissimilar employees depending on the importance the different groups attach to their cultural background.

Empirical results of studies on ethnic diversity in the workplace

In accordance with Jackson *et al.* (2003) we distinguish four different types of outcome variables that are often studied in diversity research. First, most studies have examined ethnic diversity in the context of team performance, including evaluations of team tasks, ratings of perceived team effectiveness, and "objective" measures of team performance, such as sales revenue, customer satisfaction, and sales productivity. Second, a fair amount of ethnic diversity research has focused on examining behavioral outcomes, encompassing communications, the use of information, and conflict and cooperation in teams. Third, a small amount of ethnic diversity research has also looked at the association between diversity and affective outcomes, including organizational

commitment, job satisfaction, and identification with the job, the team, or the organization as a whole. Fourth, in some studies, it was assumed that ethnic diversity had an indirect relationship with performance outcomes. That is, it was hypothesized that ethnic diversity would first have an impact on behavioral and attitudinal outcomes, which would, in turn, affect performance outcomes. Results from empirical studies on these four types of outcomes are discussed below.

Performance outcomes

Laboratory studies have shown that there is a positive relationship between ethnic diversity and performance. For example, Watson, Kumar, and Michaelsen (1993) performed a longitudinal laboratory study in which they compared the performance outcomes of ethnically homogeneous and heterogeneous groups composed of undergraduate and graduate students on several cognitive tasks. In the end, results showed that the ethnically heterogeneous groups outperformed the homogeneous groups on several cognitive tasks (identifying problem perspectives and generating solution alternatives). For the first thirteen weeks, however, the ethnically homogeneous groups outperformed the heterogeneous groups. The ethnically heterogeneous groups thus needed to spend more time together than the homogeneous groups in order to perform effectively. Another study carried out by Watson, Johnson, and Zgourides (2002) confirmed the positive results of the earlier study (Watson *et al.*, 1993). For the first fifteen weeks, the ethnically homogeneous and heterogeneous groups performed equally well on several cognitive tasks. However, in the end, the ethnically heterogeneous groups outperformed the homogeneous groups. In a similar vein, McLeod and Lobel (1992) showed that ethnically diverse groups produced ideas that were of higher quality compared to ethnically homogeneous groups.

When comparing field studies on the association between ethnic diversity and performance outcomes, the results are more mixed. One field study performed by O'Reilly, Williams, and Barsade (1998) showed that ethnic diversity related positively to creativity and implementation ability in teams. Teams composed of Asians and Anglo-Americans turned out to be more creative and better at implementing new ideas compared to teams that were composed solely of Anglo-Americans. Other field studies indicated a more mixed, a negative, or no relationship at all between ethnic diversity and performance outcomes. For instance, a study performed by Riordan and Shore (1997) showed that the level of perceived workgroup productivity depended on the proportion of ethnic minority (African-Americans and Hispanics) versus ethnic majority

(Anglo-Americans) members in a team, as well as on the particular ethnic group studied. Anglo-American employees perceived less workgroup productivity when working in teams that were composed of mostly minority members. However, African-American participants reported the same level of workgroup productivity across different team compositions. Other studies indicated that ethnic diversity related negatively or not at all to performance evaluations (Lefkowitz, 1994; Sacket, DuBois, and Noe, 1991; Greenhaus, Parasuraman, and Wormley, 1990). Greenhaus *et al.* (1990), for example, found that African-Americans were rated lower than Anglo-Americans by Anglo-American supervisors on task and relationship dimensions of performance, while Ely (2004) reported finding no relationship between ethnic diversity and objective measures of performance such as sales revenue, customer satisfaction, and sales productivity.

Behavioral outcomes

Much of the research which has examined ethnic diversity on a team level has shown it to be negatively associated with behavioral outcomes. For instance, Pelled and colleagues (Pelled, 1993; Pelled *et al.*, 1999) concluded in their studies that ethnic diversity was associated with higher levels of emotional conflict in teams. Also, a study performed by Hoffman (1985) indicated that an increase in African-American representation in Anglo-American teams was negatively associated with the frequency of interpersonal communication. In the same study, however, results also demonstrated that an increased African-American representation related positively to organizational-level communication.

Whereas some studies have shown negative relationships between ethnic diversity and behavioral outcomes, others have shown positive relationships. For instance, a study performed by O'Reilly, Williams, and Barsade (1999) indicated that Anglo-American workers were more cooperative when working in ethnically diverse groups composed of Asians and Anglo-Americans than in groups composed solely of Anglo-Americans. The authors explained this puzzling result by suggesting that Asians may have had more collectivistic values and that collectivism could be positively related to cooperation with colleagues in teams. Cox, Lobel, and McLeod (1991) found similar results while studying differences in cooperative behavior between African-American and Anglo-American undergraduate and graduate students on a Prisoner's Dilemma task. Results indicated that African-American groups as well as mixed groups of African-Americans and Anglo-Americans were more cooperative than groups composed solely of Anglo-Americans. The authors expressed the

need to further explore the positive effects of non-western cultures on organizational behavior and effectiveness. However, expectations with regard to cultural value differences across ethnic groups should be interpreted with caution, as other studies do not confirm the above described results (Espinoza and Garza, 1985; Garza and Santos, 1991).

Depending on the behavioral outcomes examined, some studies reported nonsignificant results. For example, the study of Pelled *et al.* (1999) showed no relationship between ethnic diversity and task-related conflicts in teams. Also, Riordan and Shore (1997) did not find a significant association between the degree of ethnic (dis)similarity and the perceived level of cohesiveness in teams.

Affective outcomes

Some studies have indicated that ethnic diversity is negatively related to affective outcomes, especially for ethnic minority employees. Greenhaus *et al.* (1990) found that ethnic minority managers (in this case African-Americans) felt less accepted and experienced lower levels of job satisfaction compared to managers of the ethnic majority (in this case, Anglo-American). Likewise, results from a study among Dutch civil service workers (Verkuyten, de Jong, and Masson, 1993) showed that ethnic minority employees perceived less job satisfaction than ethnic majority (Dutch) employees. In addition, employees who frequently worked together with ethnically similar colleagues showed more job satisfaction.

Furthermore, Lugtenberg and Peeters (2004) examined acculturation attitudes among employees in a Dutch governmental organization and results showed that acculturation attitudes of ethnic minority employees related differently to aspects of job-related well-being. A marginalized attitude among ethnic minority employees related to feeling less competent, less committed, and less satisfied at work, whereas ethnic minority employees who were positive toward integration reported being more competent and committed toward work. Similarly, a study performed by Luijters, van der Zee, and Otten (2004) indicated that "dual identity" (integration) was the preferred acculturation attitude among ethnic minority employees in the Netherlands. Also, a "dual identity" was connected to intercultural traits such as flexibility and emotional stability. Finally, Amason, Allen, and Holmes (1999) studied the level of acculturative stress (i.e. the amount of stress caused by adaptation to another [majority] culture) among Hispanic workers in a North American company. Results indicated that the perceived level of acculturative stress among Hispanic employees depended on the amount and type of social

support received from Anglo-American co-workers. In particular, respect for and help with personal problems proved to be types of social support that were negatively related to the perception of acculturative stress among Hispanic employees.

Mediating effects of behavioral and affective outcomes on performance

A small number of studies have investigated the mediating role of behavioral or affective outcomes in the relationship between ethnic diversity and performance. There is some support for this mediating role. For instance, Watson *et al.* (1993) showed that ethnically homogeneous groups reported more "process effectiveness" than heterogeneous groups during the first three task periods (up to thirteen weeks). For the same three task periods, ethnically homogeneous teams outperformed heterogeneous teams. In the last time period after thirteen weeks, however, no significant process differences were found between both groups, and heterogeneous groups outperformed homogeneous groups on two types of performance measures (range of perspectives and alternatives generated). Although mediation effects were not statistically examined in this study, the case might be that heterogeneous groups needed more time to overcome behavioral difficulties than homogeneous groups did in order to perform effectively. Furthermore, Greenhaus *et al.* (1990) found that the relationship between ethnically diverse managers (black versus white managers) and performance evaluations was partly mediated by the lack of organizational experience among black managers. In particular, black managers perceived less job discretion and less acceptance than white managers which subsequently led to worse performance evaluations by their supervisors.

Other studies have not found support for the assumed mediating effect of behavioral processes on performance outcomes. Results from a longitudinal laboratory study of Watson *et al.* (2002) showed that differences in the level of cohesiveness between homogeneous and heterogeneous groups did not exist during all time periods, and thus could not mediate the relationship between ethnic diversity and performance. Interestingly, the study of Watson *et al.* (2002) did find differences in leadership styles between ethnically heterogeneous and homogeneous groups. The leadership style of homogeneous groups was task-oriented, whereas heterogeneous groups had an interpersonal leadership style. It may be that interpersonal leadership is necessary for dealing with the behavioral or attitudinal differences in ethnically diverse groups, while homogeneous groups have more similarity in behaviors and attitudes so

that task-related leadership is more effective. Finally, results from a study performed by Pelled *et al.* (1999) showed that ethnic diversity was related to more emotional conflicts in teams. However, the level of emotional conflicts had no significant effect on group performance. Also, no direct effect of ethnic diversity on performance outcomes was found. Hence, the study of Pelled *et al.* (1999) failed to confirm the mediating role of affective outcomes. Noteworthy, however, is the fact that group longevity and task routineness decreased the positive relationship between ethnic diversity and emotional conflict. In other words, the longer a group worked together and the more tasks that became routine, the less emotional conflicts in ethnically diverse groups were reported.

Conclusions

Altogether, we reviewed nineteen empirical studies on ethnic diversity. Of these studies, eight (42.1%) investigated the effect of ethnic diversity on performance outcomes, ten (52.6%) examined ethnic diversity effects on behavioral outcomes, six (31.6%) related ethnic diversity to affective outcomes, and six (31.6%) examined two or more outcomes simultaneously. When linking the outcomes of these studies to the theories discussed earlier, several main conclusions can be drawn.

First, the predictions derived from social identity theory, social categorization theory, and the similarity-attraction paradigm are supported in most studies. Studies showed that ethnic diversity related negatively to commitment (Riordan and Shore, 1997), organizational experiences, career satisfaction, advancement opportunities (Greenhaus *et al.*, 1990), emotional conflict (Pelled, 1993; Pelled *et al.*, 1999), interpersonal communication (Hoffman, 1985), and job satisfaction (Verkuyten *et al.*, 1993). However, this conclusion is not as straightforward as it may seem and it should be qualified. Ethnic diversity does not relate negatively to all behavioral or affective outcomes. For instance, ethnic diversity does not appear to relate to task conflict (Pelled *et al.*, 1999), and it has a positive effect on organizational communication (Hoffman, 1985). Also, the effect of ethnic diversity on behavioral or affective outcomes seems to depend on the specific ethnic group (Riordan and Shore, 1997). Furthermore, other variables may moderate the negative effects of ethnic diversity on behavioral and affective outcomes. For example, a study performed by Pelled and colleagues (1999) showed that group longevity (the time that a group works together) and performing routine tasks appear to diminish the negative effects of ethnic diversity on emotional conflict in teams.

Second, the predictions based on information and decision-making theory are supported in longitudinal laboratory studies, but not in field studies. One reason for this could be that ethnically diverse groups of students in laboratory studies are somehow different from ethnically diverse teams studied in organizations. Another reason may be that laboratory studies have a longitudinal design, while most field studies have a cross-sectional design. Interestingly, laboratory studies only find positive results of ethnic diversity on performance in the last time period, which indicates that ethnically diverse groups may need more time to overcome initial behavioral or cultural differences than homogeneous groups. Furthermore, the outcome variables studied in laboratory studies are often different from the outcomes studied in field studies. Laboratory studies typically examine cognitive tasks, whereas field studies typically examine more subjective performance outcomes, such as perceived work-group productivity or performance evaluations. Also, other variables (like economic developments) are likely to influence performances of teams in real organizations.

Third, some support is found for the assumption that cultural values (i.e. collectivism versus individualism) affect behavioral outcomes in ethnically diverse teams. In particular, it is assumed that people from non-western cultures are more collectivistic than people from western cultures, which has been found to relate positively to cooperation in teams. Two studies (Cox *et al.*, 1991; O'Reilly *et al.*, 1999) support this hypothesis while two other studies (Espinoza and Garza, 1985; Garza and Santos, 1991) do not. One reason for these contradictory findings may be that, although people are born in non-western cultures, they may have spent a lot of time in an individualistic culture and adapted to the values of that culture. Also, when people from non-western cultures constitute a numerical minority, the pressure to adapt to the (individualistic) values of the ethnic majority may undermine the expression of collectivistic behavior.

Fourth, a small number of studies indicate that acculturation attitudes have a significant impact on behavioral and attitudinal outcomes among immigrant employees. The degree to which immigrant employees identify with their own ethnic culture and also the dominant culture of a host society affects important affective outcomes such as competence, commitment, and satisfaction toward work. The initial results of the first studies on acculturation and work outcomes appear to be promising. Studies that examine how differences in acculturation attitudes relate to work outcomes should thus be continued in future research.

Recommendations for future research and practice

In this final section, some future avenues for ethnic diversity research are presented. Furthermore, a number of recommendations are made for HRM managers on how to develop a constructive diversity policy.

Opportunities for future research on ethnic diversity

Although ethnic diversity research has broadened our knowledge of the potential consequences of ethnic diversity in organizations to some degree, some recommendations can still be made for future studies. First, most of the ethnic diversity studies discussed in this chapter have ignored the potential impact of the organizational context on ethnic diversity outcomes. However, certain aspects of an organizational context, such as the presence of a diversity policy and having an organizational culture that promotes the inclusiveness of ethnically diverse employees, are also likely to affect organizational outcomes. Second, longitudinal laboratory studies demonstrated an interesting longitudinal effect of ethnic diversity on performance outcomes. Ethnically homogeneous groups seem to outperform heterogeneous groups in the first few weeks, while heterogeneous groups outperform homogeneous groups in the long run. However, most field studies are cross-sectional, which may explain the fact that a positive relationship between ethnic diversity and performance outcomes cannot often be demonstrated. Longitudinal designs in field research should shed more light on this issue. Third, many ethnic diversity studies are performed in the United States. However, ethnic cultures of minority groups in the United States may be very different from ethnic cultures of minority groups in other countries, for instance with respect to the command of the dominant language, religious practices, or other values and norms. This limits the possibility of generalizing the findings to other ethnic minority groups in other countries. Thus, more ethnic diversity studies need to be performed outside the United States. Fourth, many field studies on ethnic diversity have only included subjective outcomes. For organizations, it would be crucial to learn whether or not subjective outcomes such as perceived cohesiveness, job satisfaction, organizational commitment, and cooperative behavior relate to objective outcomes such as the level of absenteeism, turnover of employees, or better objective performances of teams (Schaufeli, 2005). Fifth, although some subpopulations of immigrants, such as refugees and first-generation non-western immigrants, appear to have a higher risk of ending up on social welfare because of psychosomatic complaints, only a small number of

studies examine the link between ethnic diversity and occupational health outcomes.

Towards the successful management of diversity at work

Visions, goals, and initiatives that are developed in organizations with respect to ethnic diversity initiatives appear to differ from one organization to the other. Moreover, not many studies on diversity have considered the effects of organizational diversity initiatives on important organizational outcomes. However, some ideas on the differential impact of ethnic diversity initiatives on organizational outcomes are mentioned by Cox and Blake (1991). They distinguish between three types of organizations: monolithic, plural, and multicultural organizations. In monolithic organizations, ethnic diversity policies are limited to the inclusion of ethnic minority employees. Research shows that this type of "affirmative action" has negative side effects in terms of less acceptance, more stress reactions, and less self-esteem among the personnel recruited in this manner (Heilman, 1994; Heilman, Block, and Lucas, 1992; Heilman, Rivero, and Brett, 1991). Plural organizations are characterized by a more proactive recruitment and promotion of ethnic minority employees in the organization. However, ethnic minorities are ultimately expected to assimilate to the dominant organizational culture. In multicultural organizations, differences are appreciated and used for organizational and personal gain. Cox and Blake argue that managing cultural diversity (which reflects the multicultural option) may lead to several organizational benefits such as reduced turnover and absenteeism, recruiting the best personnel, more cultural insight and sensitivity while marketing products and services, and increasing creativity and innovation.

In a similar vein, Ely and Thomas (2001) have developed three perspectives based on which predictions can be made regarding how cultural diversity in workgroups relates to the realization of organizational benefits. These predictions mirror to some degree the organizational types defined by Cox and Blake (1991). The first perspective is named the integration-and-learning perspective and posits that the insights, skills, and experiences of employees that are derived from being a member of various cultural identity groups are "potentially valuable resources that work groups can use to rethink its primary tasks and redefine its markets, products, strategies, and business practices in ways that will advance its mission" (p. 240). The authors argue that the integration-and-learning perspective can help facilitate open discussion that is based on different points of view and explicitly linked to cultural experiences. It encourages

employees to express themselves as members of their cultural identity groups, which enhances opportunities for cross-cultural learning and workgroup creativity.

The second perspective is called the access-and-legitimacy perspective and is based on "a recognition that the organization's markets and constituencies are culturally diverse. In this case, organizations are promoting diversity in parts of its own workforce as a way of gaining access to and legitimacy with those markets and constituent groups" (p. 243). The authors warn that race-based staffing patterns may lead to racial segregation along functional levels, with whites having higher functional levels than people of color. This may increase interracial and interfunctional tensions and inhibit productive learning, as described in the first perspective.

The third perspective is called the discrimination-and-fairness perspective and is characterized by "a belief in a culturally diverse workforce as a moral imperative to ensure justice and the fair treatment of all members of society. It emphasizes diversification efforts on providing equal opportunities in hiring and promotion, suppressing prejudicial attitudes, and eliminating discrimination" (p. 245). The authors argue that cultural diversity on a moral basis does not emphasize the possible benefits that cultural diversity can offer. Instead, this perspective would lead to discussions about fairness that may strain interracial relations and put an emphasis on equality instead of valuing cultural diversity.

In conclusion, the specific vision, goals, and actions that need to be developed with respect to ethnic diversity are unique for each organization and depend on the specific context of the organization. Ethnically homogeneous workgroups may first want to focus on diversity goals such as the recruitment and inclusion of ethnically diverse personnel, while organizations that already have an ethnically diverse workforce may want to identify the consequences of ethnic diversity on important organizational outcomes. Literature on diversity policies, management, and initiatives suggests that a multicultural approach and an integration-and-learning perspective on diversity may be most beneficial for organizations.

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